

Message Text

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ACTION EUR-12

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C O N F I D E N T I A L OTTAWA 3185

E.O. 11652: GDS
TAGS: ELAB, CA
SUBJ: THIRD CABINET-CLC MEETING

REF: OTTAWA 2877, 3095

1. FOR THIRD TIME IN LESS THAN TWO MONTHS CANADIAN
LABOUR CONGRESS (CLC) EXECUTIVE COMMITTEE MET TODAY
(AUGUST 6) WITH PRIME MINISTER AND MINISTER OF FINANCE,
LABOR, ITC AND HEALTH AND WELFARE FOR DISCUSSION OF
TRIPARTITE INSTITUTION TO PLAY MAJOR ROLE IN ECONOMIC
PLANNING AND DECISION AND CLC'S DEMAND FOR EARLY
TERMINATION OF WAGE AND PRICE CONTROLS. SENIOR LABOR
DEPARTMENT OFFICIALS TOLD LABATT THAT PRIME MINISTER
AS EXPECTED REFUSED TO COMMIT GOC TO SPECIFIC
TERMINATION DATE OF ANTI-INFLATION PROGRAM. HE
COUNTERED CLC'S REQUEST FOR SPECIFIC
TERMINATION OF CONTROLS BY OFFERING TO END CONTROLS
AS SOON AS TRIPARTITE (GOVERNMENT, BUSINESS, LABOR) BODY
IS IN PLACE TO DEAL WITH DECONTROL PHASE IN A MANNER
THAT WILL AVOID RESURGENCE OF INFLATION. PRIME MINISTER
ASKED FINANCE MINISTER MACDONALD TO CANVASS BUSINESS
COMMUNITY FOR ACCEPTABLE SPOKESMEN (NO EASY TASK) AND
SUGGESTED THAT GOC CONFER WITH BUSINESS LEADERS
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EARLY SEPTEMBER TO BE FOLLOWED BY TRIPARTITE MEETING

END OF SEPTEMBER. CLC PRESIDENT MORRIS AGREED TO ADVISE TRUDEAU NEXT WEEK OF LATE SEPTEMBER DATE FOR SUCH A GATHERING WILL BE ACCEPTABLE. DURING GOC-CLC DISCUSSION, TRUDEAU REITERATED THAT HE IS WILLING TO TERMINATE CONTROLS PRIOR TO DECEMBER 1978 PROVIDING CLC IS CONVINCED ADEQUATE MECHANISM IS IN PLACE TO AVOID NEW ROUND OF INFLATION. HE ALSO AGREED TO CONSIDER ESTABLISHMENT OF TRIPARTITE BODY THROUGH LEGISLATION AND TO ABIDE BY CONSENSUS REACHED BY SUCH TRIPARTITE FORUM WITHOUT, HOWEVER, GRANTING IT EXECUTIVE POWERS.

2. COMMENT: WHILE CLC AVOIDED SPECIFIC RESPONSE IN CLOSED DOOR SESSION IT IS EXPECTED THAT HAVING MADE ITS DAY OF PROTEST DEPENDENT ON SPECIFIC TERMINATION FOR CONTROLS (OTTAWA 3095), CLC LEFT ITSELF NO OTHER OPTION BUT TO GO THROUGH WITH NATIONAL ONE-DAY WORK STOPPAGE. TRUDEAU'S PROPOSAL FOR LATE SEPTEMBER TRIPARTITE MEETING POSES DILEMMA FOR CLC. WHILE CLC LEADERSHIP IS ANXIOUS TO MAINTAIN COMMUNICATION WITH GOC AND HAVE SUCH A TRIPARTITE DISCUSSION, THE PROPOSED TIMING WOULD BE TOO CLOSE TO THE PROJECTED MID-OCTOBER DATE FOR THE PROTEST DEMONSTRATION TO MAKE IT TACTICALLY FEASIBLE. ENDERS

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